

OVERSIGHT BOARD
SUCCESSOR AGENCY
TO THE WEST HOLLYWOOD
COMMUNITY DEVELOPMENT COMMISSION
DISCUSSION ITEM

MAY 21, 2012

SUBJECT: APPROVE SUCCESSOR AGENCY ADMINISTRATIVE
BUDGET FOR THE PERIOD FROM JANUARY 1, 2012
THROUGH JUNE 30, 2012

INITIATED BY: SUCCESSOR AGENCY
(Elizabeth Savage, Acting Director - Rent Stabilization and
Housing) *EMA*
(David Wilson, Interim Director - Finance) *DW*
(John Leonard, Project Development Administrator) *JPL*
(Beth Rosen, Information Technology Management Analyst) *BR*

STATEMENT ON THE SUBJECT:

The Oversight Board will consider approval of the Successor Agency Administrative Budget for the period from January 1, 2012 through June 30, 2012.

RECOMMENDATION:

Adopt Resolution No. --- "A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION ADOPTING ADMINISTRATIVE BUDGETS PURSUANT TO HEALTH AND SAFETY CODE SECTION 34180"

BACKGROUND ANALYSIS:

Assembly Bill x1 26 ("AB x1 26") requires that each successor agency must prepare an administrative budget for each six month period and shall submit that administrative budget to their oversight board for approval. Health and Safety Code Section 34177(j) requires that administrative budgets include the following three items:

- 1) Estimated amounts for successor agency administrative costs for the upcoming six-month period;
- 2) Proposed sources of payment for the costs identified in the administrative budget; and
- 3) Proposals for arrangements for administrative and operations services provided by a city, county, city and county, or other entity.

In addition to detailing the contents required in each administrative budget, AB x1 26 also details the administrative cost allowance provided to each successor agency. Pursuant to Health and Safety Code Section 34171(b) the administrative cost allowance provided to each successor agency can be up to 5 percent of the property tax allocated to the successor agency for the 2011-12 fiscal year and up to 3 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund, for the successor agency, for each fiscal year thereafter. However, the same section provides that the amount shall not be less than two hundred and fifty thousand dollars (\$250,000) for any fiscal year. Lastly, AB x1 26 provides that the administrative amount detailed above shall exclude any administrative costs that can be paid for from bond proceeds or from sources other than property tax.

The Successor Agency to the West Hollywood Community Development Commission ("Successor Agency") has prepared a proposed Administrative Budget for the period from January 1, 2012 through June 30, 2012 ("Administrative Budget"), which is included as Attachment A. The Administrative Budget includes estimates of administrative costs and sources of payment, as required by AB x1 26. The Administrative Budget is based on a \$250,000 cost allowance, excluding any amounts which can be paid from bond proceeds or from sources other than property tax. Staff determined that both the "3 percent" and "5 percent" calculations, as detailed previously, would yield an administrative cost allowance of less than \$250,000, thus, the minimum amount of \$250,000, as provided in AB x1 26, was used.

For the period January 1, 2012 through June 30, 2012, the Successor Agency estimates an Administrative Budget in the amount of \$252,480.75. The budget includes Successor Agency staffing costs, leave liability, overhead costs, as well as other contract and legal services. All staffing costs associated with projects funded through bond proceeds were not included on the Administrative Budget. Administrative Budget costs will be paid for with the Successor Agency \$250,000 administrative cost allowance. Upon approval of the Administrative Budget the Successor Agency will request \$250,000 in administrative cost allowance funds from the Los Angeles County Auditor-Controller to pay for the costs associated with the Administrative Budget.

FISCAL IMPACT:

The Successor Agency will request the minimum \$250,000 administrative cost allowance, for fiscal year 2011-12, from the Los Angeles County Auditor-Controller to pay for the items detailed in the Administrative Budget.

ATTACHMENTS:

Attachment A: Successor Agency Administrative Budget for the period from January 1, 2012 through June 30, 2012.

RESOLUTION NO. ____

**A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR
AGENCY TO THE WEST HOLLYWOOD COMMUNITY
DEVELOPMENT COMMISSION ADOPTING ADMINISTRATIVE
BUDGETS PURSUANT TO HEALTH AND SAFETY CODE SECTION
34180**

The Oversight Board for the Successor Agency to the West Hollywood Community Development Commission ("Oversight Board") does resolve as follows:

Section 1. The Board finds and declares that:

- A. On June 29, 2011, AB 1X 26 became effective, requiring that each redevelopment agency within California be dissolved and establishing a process wherein a city could elect to become a successor agency responsible for winding down the agency's assets and obligations;
- B. By its Resolution No. 11-4219, adopted on September 19, 2011, the City Council of the City of West Hollywood made an election to serve as the successor agency for the Redevelopment Agency under Part 1.85 (the "Successor Agency");
- C. Pursuant to Health & Safety Code § 34177(j), the Oversight Board must approve administrative budgets for the Successor Agency for each six-month period detailing the Agency's projected administrative costs, the sources of payments, and any proposals for arrangements for administrative and operations services to be performed by another entity;
- D. The initial administrative budget is payable from property tax revenues of up to 5% of the property tax allocated to the Successor Agency for the 2011-12 fiscal year, provided, however, that the amount must be no less than \$250,000; as well as any other revenues, bond proceeds, and other income received by the Successor Agency other than property tax;
- E. The administrative budget for every period after the initial six month period is payable from property tax revenues of up to 3% of the property tax allocated to the Redevelopment Obligation Retirement Fund distributed to the Successor Agency, provided, however, that the amount must be no less than \$250,000; as well as any other revenues, bond proceeds, and other income received by the Successor Agency other than property tax;
- F. Any administrative budget approved by the Oversight Board is subject to review by the Department of Finance;
- G. The Successor Agency submitted draft administrative budgets for the periods of January 1 through June 30, 2012 and July 1 through December 31 2012; and

- H. The Oversight Board desires to adopt this Resolution adopting administrative budgets for the periods from January 1, 2012 through June 30, 2012 and July 1, 2012 through December 31, 2012.

Section 2. *Administrative Budget.* The Oversight Board hereby adopts the administrative budget for the period from January 1, 2012 through June 30, 2012, attached as Exhibit A to this Resolution, and the administrative budget for the period from July 1, 2012 through December 31, 2012, attached as Exhibit B to this Resolution (collectively, the "Administrative Budget").

Section 3. *Consistency with State Law.* The Administrative Budget complies with the standards and regulations provided in Health & Safety Code § 34177(j) and complies with the administrative cost allowance provided to the Successor Agency pursuant to Health & Safety Code § 34171(b).

Section 4. *Authorization.* The officers and staff of the Oversight Board are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, including providing documents associated with the Administrative Budget to the Department of Finance and County Auditor-Controller. Successor Agency staff member David Wilson, or designee, is the official whom the Department of Finance may make requests for review in connection with the Administrative Budget.

Section 5. *Amendment.* The Administrative Budget may be amended from time to time at any public meeting of the Oversight Board.

Section 6. *Environmental Determination.* This Resolution is exempt from review under the California Environmental Quality Act (California Public Resources Code §§ 2100, et seq., "CEQA") and CEQA regulations (14 California Code of Regulations §§ 15000, et seq.) because it establishes rules and procedures to implement government funding mechanisms; does not involve any commitment to a specific project which could result in a potentially significant physical impact on the environment; and constitutes an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. Accordingly, this Resolution does not constitute a "project" that requires environmental review (see specifically 14 CCR § 15378(b)(4-5)).

Section 7. *Reliance on Record.* Each and every one of the findings and determinations in this Resolution are based on the competent and substantial evidence, both oral and written, contained in the entire record relating to the Oversight Board and applicable law. The findings and determinations constitute the independent findings and determinations of the Board in all respects and are fully and completely supported by substantial evidence in the record as a whole.

Section 8. *Summaries of Information.* All summaries of information in the findings, which precede this Section, are based on the substantial evidence in the record including, without limitation, verbal and documentary evidence submitted to the Board. The absence of any particular fact from any such summary is not an indication that a particular finding is not based in part on that fact.

Section 9. The Secretary is directed to certify the adoption of this Resolution; record this Resolution in the book of the Oversight Board's original resolutions; and make a minute of the adoption of the Resolution in the Oversight Board's records and the minutes of this meeting.

Section 10. This Resolution will become effective immediately upon adoption and will remain effective unless repealed or superseded.

PASSED, APPROVED, AND ADOPTED this 21st day of May, 2012.

Daniel Ronnie Cohen, Chairperson

ATTEST:

_____, Deputy Clerk
Los Angeles County Board of Supervisors
Acting as Secretary for the Oversight Board
for the Successor Agency to the
City of West Hollywood Community Development Commission

I HEREBY CERTIFY that the above and foregoing ordinance was duly passed and adopted by the Oversight Board of the Successor Agency to the West Hollywood Community Development Commission at its regular meeting held on the 21st day of May, 2012, by the following vote, to wit:

AYES;
NOES;
ABSENT: